



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Joseph Horwedel

**SUBJECT: CUSTOMER-FOCUSED  
BUILDING SERVICES**

**DATE:** May 23, 2006

Approved /s/

Date 05/24/06

This memo is written in response to Item 5k in the adopted Mayor's March Budget Message that directs staff to "Review customer service standards within the Building Division and return to the City Council with a report highlighting how we assist members of the community through the building process whether they are professional contractors or homeowners with limited contracting experience."

## **CUSTOMER SERVICE STANDARDS**

Customer service standards in the Building Division are comprised of two basic parameters for plan reviews and inspection services – cycle time and quality. In addition, staff interaction with customers is governed by Planning, Building and Code Enforcement's Customer Service Policy. While the Customer Service Policy reminds staff of the straightforward aspects of customer service such as treating people with respect, listening, and returning phone calls, it also emphasizes the employee's responsibility to be a process facilitator for the customer's project while simultaneously fulfilling their regulatory responsibilities.

Quality is measured by auditing random samples of completed projects to determine if the staff's work is "thorough, complete and consistent". These internal audits, in addition to providing performance data, provide excellent opportunities for staff training when errors or inconsistency is identified.

Through customer outreach in the 1990s, the Building Division adopted plan check cycle time targets for different project types based on input from development industry groups. These processing targets ranged from one hour for a commercial express plan check (less than 10,000 sq. ft.) to 5 weeks for a single-family tract development. The industry-endorsed target for inspection services was to provide 85% of customers with next-day inspections and 100% of customers within 48 hours. Unfortunately, the inability of the development service partners to increase staffing fast enough to keep up with the lengthy, unprecedented development boom of the late 1990s caused performance to drop far below targeted levels. While performance gradually improved with the decline in activity in 2001-2002, fee cost recovery gaps prevented performance from reaching targeted levels. Concerns about the recession led to the first Getting Families Back to Work Study Sessions in 2003 and Council direction to "eliminate delays in the development process" and to "refund fees when deadlines are missed."

### **CUSTOMER SERVICE STANDARDS (CONT'D.)**

Because of serious legal concerns identified while studying this issue, staff recommended that processing timelines be set on a project-by-project basis (depending on the complexity of the project and current workload) and that a complete submittal be required (for customer service reasons, staff accepts incomplete applications, but these projects are not eligible for timeline refunds). Council adopted these parameters. This approach has made the refunding of fees a very rare occurrence in the Building Division, but has still afforded the customer with some time certainty from the time of project submittal. It also means that during activity spikes or when a number of staff vacancies occur, the cycle time commitments expand.

### **SCALABLE RESOURCES**

Recognizing that it is even more beneficial for customers to have some time certainty before submittal (for instance, when arranging financing for a project), the development services partners would like to acquire additional “scalable” resources – the ability to add or reduce resources according to demand. This would allow staff to publish fixed turn-around times for various project types.

The use of contractual plan check services is a common safety valve resource for the plan check function. While the use of contractual plan check services has been limited since the end of the development boom and there are no active contracts currently, the City has used this resource extensively in the past. The advantages of having access to this scalable resource include the potential to:

- ❑ meet peak demand periods without extending timelines;
- ❑ maintain targeted performance when significant resources are being allocated to large special events; and
- ❑ backfill staff resources when they are needed for special projects including current reorganization and process improvement efforts, as well as for extensive staff training related to the upcoming implementation of new statewide construction standards.

It should be noted that, for the same reasons, this scalable resource is also a critical need for Planning and the Fire Department’s development engineering group.

Last fall, when PBCE sought Council approval to begin a Request for Qualification (RFQ) process for contractual plan check services, there were concerns raised by the Building Division’s engineering staff and the Department was directed to do a plan check staffing study to assess necessary resources. Staff was able to obtain the spreadsheets used for a staffing assessment of the Building Division by Zucker Systems as part of their Development Services study in 2002. After updating the data, the Department has come to the same conclusion as the Zucker Study did in 2002 – that current staffing (assuming all existing positions are filled) is appropriate for the current workload. The 2002 Zucker Study also said, “It is appropriate to use consultants to supplement staff for plan check. This is a logical approach to maintain plan check

### **SCALABLE RESOURCES** (CONT'D.)

turn-around time goals.” The bullets above reflect the specific scenarios in which the Building Division and the Fire Department are proposing to use contractual plan check services. Where ongoing activity and revenue increases are identified, the City’s development service partners prefer the addition of regular City staff positions to meet that ongoing demand.

### **CUSTOMER-FOCUSED SERVICES**

While the discussion above of service standards and scalable resources is relevant to all of the City’s development services operation, it became very clear during recent meetings with development industry groups that “one size does **not** fit all” when it comes to providing service to development process customers. That same message was also one of the main themes in the customer feedback presented at the Getting Families Back to Work/Counter to Council Study Sessions last fall. To address this, the Building Division and its development service partners are offering customer-focused service through two strategies: 1) offering programs tailored to meet the needs of customers with “specialized” needs (e.g., Special Tenant Improvements); and 2) creating a customer assistance network by organizing staff to address projects or customers with similar characteristics (e.g., homeowners, retrofits of older or historic buildings).

#### ***Tailored Programs***

Currently, there are three examples of programs tailored to meet specific customer needs. The **Special Tenant Improvement (STI) Program** continues to be highly successful, processing 44 projects with \$54.5 million in construction valuation in the past year alone. This program targets customers who have industrial and R&D uses in San José or office uses in the downtown core. In addition to financial incentives (e.g., construction tax suspension, plan check fee deferrals), STI offers design review assistance, enhanced inspection services, and a dedicated team to address all development review issues in a single expedited review process. Since its inception in late 2003, the program has processed 145 projects with a valuation of \$176 million.

The **Small Business Ambassador (SBA) Program** provides focused and coordinated assistance to small business owners who typically are not well versed in the construction and development process. Each small business is assigned an “ambassador” who serves as a single point of contact between the business owner and the City and works to resolve issues as they arise. Now one year old, the program has experienced rapid expansion, growing from 17 clients in the first six months to 112 presently. The current rate of 25 new clients per month translates to a caseload of at least 300 businesses each year. This demand has justified full-time staffing and consequently two additional staff members have been specifically dedicated to the program within the past two months.

The **Industrial Tool Installation (ITI) Program** is an example of Development Services recommending a new effort to serve targeted customer groups and will be the subject of a separate Manager’s Budget Addendum. Once established, the ITI Program would target local companies that undertake frequent “tool installations,” which entails either the installation or

***Tailored Programs (Cont'd.)***

replacement of large, expensive pieces of equipment in an industrial facility (e.g., a semiconductor manufacturer replacing silicon wafer processing equipment). The objective of the ITI Program is to assist these companies in remaining competitive by providing a simplified and expedited permitting and inspection process, which will shorten their tool installation-to-production cycle time. This program working in tandem with the STI Program would provide a range of targeted services to industrial customers.

Both the ITI and SBA Programs will be expanding and evolving over the next fiscal year. With additional experience and data, staff will be able to more accurately measure costs and effectiveness. While both use a more resource intensive model, a tremendous potential for resource savings exists due to completing these complex projects with greater efficiency and fewer disruptions.

***Customer Assistance Network/Staff Reorganization***

The second strategy for providing customer-focused service entails reorganizing staff to focus on “high-risk” projects that share similar characteristics which are known to create challenges during the development process. These projects include restaurants going into older buildings, retrofits of older or historic buildings, major changes in occupancy, and uses with shared utilities and/or infrastructure. Homeowners who have little to no development experience and have not engaged design professionals would also be addressed with this strategy. The goal is not to create separate programs for each project or customer type, but rather proactively identify these “high-risk” projects at the outset and deal with them using staff who specialize in handling their unique service demands.

This “customer assistance network” is currently in development with two new inspection positions added through the most recent Mid-Year Budget Review as part of the larger reorganization effort. The first, a Supervising Building Inspector, will identify and monitor those projects that have been identified as “high-risk,” as well as assist the phone center by resolving immediate customer concerns. The second inspection position will be responsible for facilitating field review of projects subject to field inspection. To assist with these efforts, staff will also develop a complaint tracking system that will enable them to track the customer issues and complaints and report on volume, type, status, and response time.

**SUMMARY**

The Building Division and its development service partners – Fire, Planning, and Public Works – are working to improve customer service by tracking performance, fully implementing the Customer Service Policy at all staff levels, and providing specific, focused services to different customer groups who, for a variety of reasons, need specialized attention. Building and Fire management will be returning to Council seeking authorization for an RFQ for contractual plan check services after further discussions with employee groups.

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**COORDINATION**

This memo has been coordinated with Planning, Building and Code Enforcement's development services partners: Public Works and the Fire Department, as well as the City Attorney's Office and the Office of Employee Relations.

/s/

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Planning, Building and Code Enforcement